

Message Text

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SUBJECT: US INSURANCE COMPANIES SEEK GREATER MARKET ACCESS

1. THE AMERICAN CASUALTY (I.E. NON-LIFE) INSURANCE COMPANIES' REPRESENTATIVE OFFICES SEEK GREATER ACCESS TO THE ROC INSURANCE MARKET THROUGH ISSUANCE OF SPECIAL RESTRICTED INSURANCE LICENSES. AT PRESENT, THE REPRESENTATIVE OFFICES OF AIU, AFIA, AND INA MERELY LIAISE BETWEEN THEIR HONG KONG OFFICES AND THE 14 LOCAL CASUALTY INSURANCE COMPANIES ABOUT REINSURANCE. THEY HAVE PETITIONED THE MINISTRY OF FINANCE TO GRANT RESTRICTED INSURANCE LICENSES COVERING THE ISSUANCE OF CASUALTY INSURANCE TO THE "DUTY FREE" COMMUNITY, TO FOREIGNERS, AND TO FOREIGN-INVESTED SUBSIDIARIES AND JOINT VENTURES. LOCAL INSURANCE COMPANIES ARE EXTREMELY CONSERVATIVE, AND OFTEN DO NOT OFFER POLICIES AND COVERAGES COMMON IN THE UNITED STATES. DEFICIENCIES IN THE ENGLISH LANGUAGE VERSION OF CHINESE POLICIES ALSO LEAVE AMERICANS UNCLEAR AS TO COVERAGES AND CONDITIONS. FURTHER, BOTH AMERICAN INDIVIDUALS AND AMERICAN FIRMS HAVE TAKEN OUT INSURANCE POLICIES IN THE UNITED STATES, OFTEN THROUGH MULTI-NATIONAL CORPORATIONS' HEAD OFFICES AND NATURALLY WISH TO MAINTAIN THE COVERAGE IN TAIWAN. AT THE PRESENT TIME NONE OF THE AMERICAN INSURANCE COMPANIES BASED IN TAIWAN SERIOUSLY SEEK FULL ACCESS TO COMPETE WITH LOCAL INSURANCE FIRMS

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IN ISSUING POLICIES TO PURELY LOCAL INDIVIDUALS OR FIRMS.

2. THE DIRECTOR OF THE MINISTRY OF FINANCE MONETARY AFFAIRS DEPARTMENT, RICHARD CHI, HAS ALL THESE REQUESTS UNDER CONSIDERATION. HE HAS INDICATED THAT THE FIRMS WILL LIKELY BE GRANTED PERMISSION TO ISSUE POLICIES TO THE "DUTY FREE" COMMUNITY OF DIPLOMATS, AND MILITARY

PERSONNEL AND DEPENDENTS COVERED BY THE BILATERAL STATUS OF FORCES AGREEMENT. CHI'S REMARKS MADE TO AN EMBASSY OFFICER ON THE NEED FOR CONTINUED PROTECTION OF THE LOCAL CASUALTY INSURANCE FIRMS IMPLY THAT THE OTHER PETITIONS WILL REMAIN "UNDER CONSIDERATION" INTO THE INDEFINITE FUTURE.

3. THE FIRMS THEMSELVES ARE MAINTAINING A LOW PROFILE IN THE MATTER SO AS NOT TO HARM THEIR REINSURANCE BUSINESS, WHICH, ACCORDING TO AN INFORMAL INDUSTRY SOURCE, BROUGHT THEM ABOUT 14 MILLION DOLS IN GROSS PREMIUMS. THE SOURCE CLAIMED THAT THERE IS RELATIVELY LITTLE INTEREST AMONG AMERICAN INSURANCE COMPANIES IN THE TAIWAN INSURANCE MARKET BECAUSE IT IS SMALL. TOTAL REINSURANCE PREMIUMS IN 1977 AMOUNTED TO AN ESTIMATED 140 MILLION DOLS, COMPARED WITH 400 MILLION DOLS FROM KOREA AND 500 MILLION DOLS FROM THE PHILIPPINES. OF TAIWAN'S 140 MILLION DOLS, ABOUT 50 PERCENT WENT TO LONDON, 30 PERCENT TO EUROPE, 10 PERCENT TO JAPAN, AND 10 PERCENT TO NEW YORK. THE POTENTIAL SEEMS TO ATTRACT THE LARGER FIRMS, HOWEVER, AS CHUBB, THE FOURTH LARGEST U.S. CASUALTY FIRM RECENTLY SENT ITS TOKYO REPRESENTATIVE TO CALL ON THE EMBASSY. UNGER

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